



The President's Daily Brief

12 February 1972



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PRINCIPAL DEVELOPMENTS

President Makarios has flatly rejected the Greek demands but has hinted that a compromise is possible. (Page 1)

Egyptian officials are suggesting that a dramatic political gesture is needed to break the Arab-Israeli impasse. (Page 2)

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[Redacted] on Page 3.

Panama is willing to resume canal talks with the US but is sticking to its hard line. (Page 4)

A last-ditch effort to form an Italian government is under way but early elections seem increasingly likely. (Page 4)

Sudan has finally accepted the appointment of a new Soviet ambassador. (Page 4)

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CYPRUS

President Makarios has flatly rejected the Greek demands that he turn over his recently acquired Czech arms to the UN peacekeeping force and form a government of national unity on the island. At the same time, however, he has tempered his action with hints that a compromise is possible. The Director General of the Cypriot Foreign Ministry has told US officials that Cyprus would seek to reassure Athens regarding the disposition of the Czech arms by allowing the UN force to inspect these weapons periodically. In return, Cyprus would demand that General Grivas leave the island and that the illegal groups supporting him be disbanded. The Cypriot official added that Makarios had been considering cabinet changes for a long time and would probably proceed with them if he could do so without appearing to act under pressure from Athens.

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EGYPT

Egyptian officials are suggesting that a dramatic political gesture is needed to break the Arab-Israeli impasse.

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[redacted] this week, Egyptian Foreign Minister Ghalib acknowledged that a political "shock tactic" was needed to overcome the deadlock surrounding the proximity talks and the Jarring mission. Ghalib indicated that Cairo was looking for Washington to make a move in this vein and anticipated that the new head of the US Interests Section in Cairo would bring fresh US proposals.

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[redacted] Cairo is at present engaged in a review of its political options, and Sadat is scheduled to make a major address to a special session of the Egyptian national party congress on Wednesday. The speech is likely to cover Sadat's trip to Moscow as well as provide some comment on recent US statements on the Middle East.

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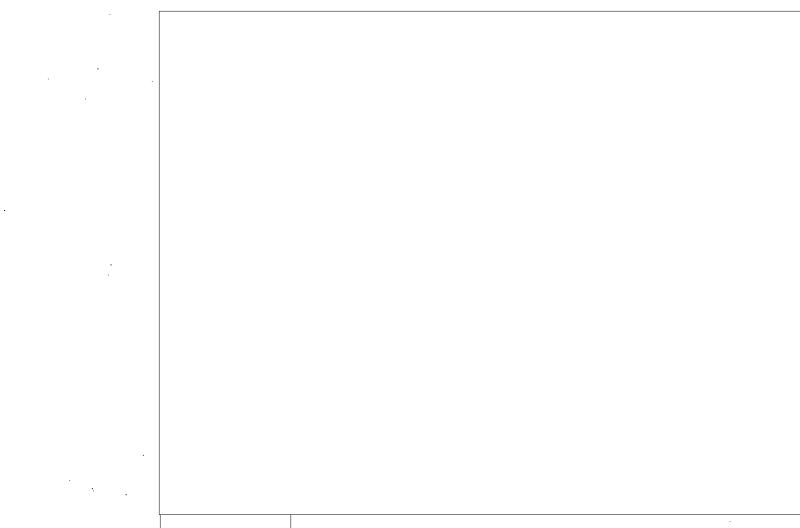
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NOTES

Panama: President Lakas has indicated to Ambassador Sayre that Panama is willing to resume canal talks when the US negotiators visit Panama next week. Torrijos has held up the negotiations since mid-December in an effort to compel Washington to make additional concessions. To this end, Torrijos has begun using international forums to focus world attention on the canal issue.

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Italy: Premier-designate Andreotti is making a last-ditch effort to end Italy's long government crisis. His prospects of putting together a government are not good, however, and it is increasingly likely that President Leone will have to dissolve parliament, appoint a caretaker cabinet, and call for general elections this spring, a year early. Center-left leaders are already debating the party composition of an interim caretaker government. Although the Christian Democrats want to go it alone in a single-party government, the two Socialist parties are demanding to be included because participation in the government would enhance their electoral prospects.

Sudan-USSR: Khartoum has finally accepted the appointment of a new Soviet ambassador, sought by Moscow since last fall. Relations between the two countries have been strained ever since their respective ambassadors were withdrawn following the abortive Communist coup in Sudan last July. The Egyptians and Libyans have put considerable pressure on President Numayri to mend his fences with the USSR, but he has also had to deal with conflicting pro-Egyptian and nationalist factions at home. In making his decision, Numayri probably also had in mind the need for a resumption of Soviet aid; more than half his military equipment is of Soviet origin.

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